



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

March 30, 1999

Devon Energy Corporation
20 North Broadway - Suite 1500
Oklahoma City, Oklahoma 73102-8260

Attention: Candace R. Graham

Re: *Administrative application dated March 22, 1999 for Devon Energy Corporation's proposed Western Reserves Federal Well No. 3 to be drilled to the Avalon-Morrow Gas Pool at an unorthodox gas well location 1973' FSL & 1200' FWL (Lot 32/Unit T) of irregular Section 4, Township 21 South, Range 26 East, NMPM, Eddy County, New Mexico. Further, Lots 29 through 36 are to be dedicated to this well in order to form a standard 322.98-acre gas spacing and proration unit for this pool.*

Dear Ms. Graham:

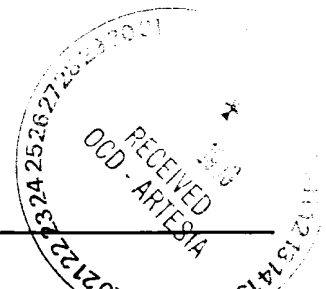
The subject application is being returned as incomplete:

- (i) the appropriate geological support data as required by Rule 104.F(3) was not provided;
- (ii) it was unclear, from the information provided, as to where those lands owned and operated by McKay Oil Corporation ("McKay") are located; also
- (iii) It did not appear that the requirements for Division Rule 104.F(4) were met since it was not apparent from the application that McKay was provided this geological information.

Sincerely,

Michael E. Stogner
Chief Hearing Officer/Engineer

cc: New Mexico Oil Conservation Division - Artesia
U. S. Bureau of Land Management - Carlsbad
Kathy Valdes, NMOCD - Santa Fe
Jim Bruce, Legal Counsel for Devon Energy Corporation - Santa Fe



devon
ENERGY CORPORATION

20 North Broadway, Suite 1500
Oklahoma City, Oklahoma 73102-8260

Telephone 405/235-3611
FAX 405/552-4550

March 22, 1999

CERTIFIED MAIL NO. Z 068 589 224



State of New Mexico
Energy, Minerals and Natural Resources Department
Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505

RE: Request for Non-Standard Location Approval
Western Reserves Federal #3
Eddy County, New Mexico

Gentlemen:

Devon Energy Corporation (Nevada) requests "Non-Standard Location" approval for the referenced well located at 1973' FSL and 1200' FWL of Section 4, T21S, R26E in Eddy County, New Mexico. This unorthodox location is necessary due to geological considerations.

Enclosed are a map of this area showing the well's location and a copy of form C-102 Well Location and Acreage Dedication Plat.

Operators having wells in the adjoining or diagonal spacing units will be notified, on this date, by certified mail. A copy of our letter of notification to McKay Oil Corporation, in Roswell, New Mexico, is enclosed.

Western Reserves Federal #3
NSL Approval
3/22/99
Page Two

State of New Mexico
Energy, Minerals and Natural Resources Dept
Oil Conservation Division

If you have any questions, please contact Wally Frank, the District Engineer,
at (405) 235-3611, X4595.

Sincerely yours,

DEVON ENERGY CORPORATION (NEVADA)

Candace R. Graham

Ms. Candace R. Graham
Engineering Tech.

/cg
Enclosures

cc: NM Oil Conservation Division - Artesia, NM
Area Interest Owners
DEC - Engineer, Foreman, Landman



UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SUBMIT IN TRIPlicate*

(See other instructions on
reverse side)

Form approved.

FILE
COPY

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK: DRILL ☒ DEEPEN ☐

b. TYPE OF WELL: OIL WELL ☐ GAS WELL ☒ Other ☐ SINGLE ZONE ☐ MULTIPLE ZONE ☐

2. NAME OF OPERATOR
DEVON ENERGY CORPORATION (NEVADA)

3. ADDRESS AND TELEPHONE NO.
20 N. BROADWAY, SUITE 1500, OKC, OK 73102 (405) 235-3611

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements)*
At surface 1973' FSL & 1200' FWL, Lot 32, Section 4-T21S-R26E, Eddy Cnty, NM

At top proposed prod. zone (same)

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
Approximately 7 miles northwest of Carlsbad, New Mexico

15. DISTANCE FROM PROPOSED LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. 660'
(Also to nearest drg. unit line if any)

16. NO. OF ACRES IN LEASE
40.95

18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.

19. PROPOSED DEPTH
11,400'

21. ELEVATIONS (Show whether DF, RT, GR, etc.)
GL 3207'

22. APPROX. DATE WORK WILL START*
May 1, 1999

5. LEASE DESIGNATION AND SERIAL NO.
NM-NM101094

6. IF INDIAN, ALLOTTEE OR TRIBE NAME
N/A

7. UNIT AGREEMENT NAME
N/A

8. FARM OR LEASE NAME, WELL NO.
WESTERN RESERVES FEDERAL #3

9. API WELL NO.
30-015-

10. FIELD AND POOL OR WILDCAT
Avalon (Morrow)

11. SEC., T., R., M. OR BLOCK AND SURVEY OR AREA
Lot 32
Section 4, T21S, R26E

12. COUNTY OR PARISH
Eddy County

13. STATE
New Mexico

23. PROPOSED CASING AND CEMENTING PROGRAM				
SIZE OF HOLE	GRADE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH
17 1/2"	H-40	13 3/8"	48.0	450'
12 1/4"	J-55	8 5/8"	32.0	3,500'
7 7/8"	J-55 & L-80	5 1/2"	15.5 & 17	11,400'
			DV tool at	6,500'

Devon Energy proposes to drill a Devonian well to TD 11,400' for commercial quantities of gas. If the well is deemed noncommercial, the well bore will be plugged and abandoned per Federal regulations. Programs to adhere to onshore oil and gas regulations are outlined in the following exhibits and attachments.

Drilling Program

Surface Use and Operating Plan
Exhibits #1 = Blowout Prevention Equipment
Exhibit #2 = Location and Elevation Plat
Exhibits #3 = Road Map and Topo Map
Exhibit #4 = Wells Within 1 Mile Radius
Exhibits #5 = Production Facilities Plat
Exhibit #6 = Rotary Rig Layout
Exhibit #7 = Casing Design
H₂S Operating Plan
Archeological clearance report

The undersigned accepts all applicable terms, conditions, stipulations and restrictions concerning operations conducted on the leased land or portions thereof, as described below
Lease #: NM-NM101094
Legal Description: Section 4-T21S-R26E, Eddy Cnty, NM

Bond Coverage: Nationwide
BLM Bond #: CO-1104

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24.

SIGNED Candace R. Graham TITLE Engineering Technician DATE March 22, 1999

*(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

CONDITIONS OF APPROVAL, IF ANY:

APPROVED BY _____ TITLE _____ DATE _____

See Instructions On Reverse Side

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction

FILE
COPY

DISTRICT I
P. O. Box 1980
Hobbs, NM 88241-1980

State of New Mexico
Energy, Minerals, and Natural Resources Department

Form C-102
Revised 02-10-94
Instructions on back

DISTRICT II
P. O. Drawer DD
Artesia, NM 88211-0719

OIL CONSERVATION DIVISION
P. O. Box 2088
Santa Fe, New Mexico 87504-2088

Submit to the Appropriate
District Office
State Lease - 4 copies
Fee Lease - 3 copies

DISTRICT III
1000 Rio Brazos Rd.
Aztec, NM 87410

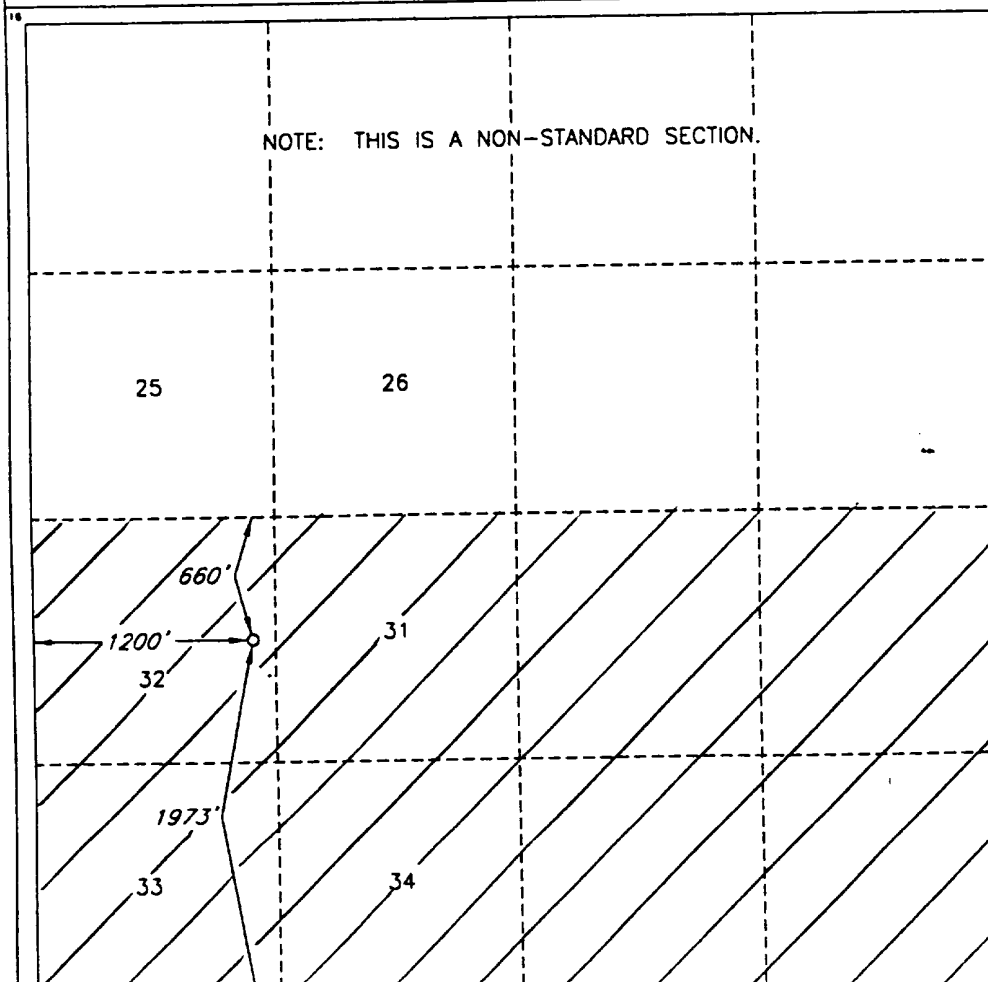
DISTRICT IV
P. O. Box 2088
Santa Fe, NM 87507-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number		2 Pool Code		3 Pool Name AVALON (MORROW)					
4 Property Code		5 Property Name WESTERN RESERVES FEDERAL					6 Well Number 3		
7 OGRID No. 6137		8 Operator Name DEVON ENERGY CORPORATION (NEVADA)					9 Elevation 3207'		
10 SURFACE LOCATION									
UL or lot no. lot 32	Section 4	Township 21 SOUTH	Range 26 EAST, N.M.P.M.	Lot Ida	Feet from the 1973'	North/South line SOUTH	Feet from the 1200'	East/West line WEST	County EDDY
11 BOTTOM HOLE LOCATION IF DIFFERENT FROM SURFACE									
UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
12 Dedicated Acres 322.98		13 Joint or Infill		14 Consolidation Code		15 Order No.			

NO ALLOWABLE WELL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Signature
Candace R. Graham
Printed Name
Candace R. Graham
Title
Engineering Tech.
Date
March 22, 1999

SURVEYOR CERTIFICATION

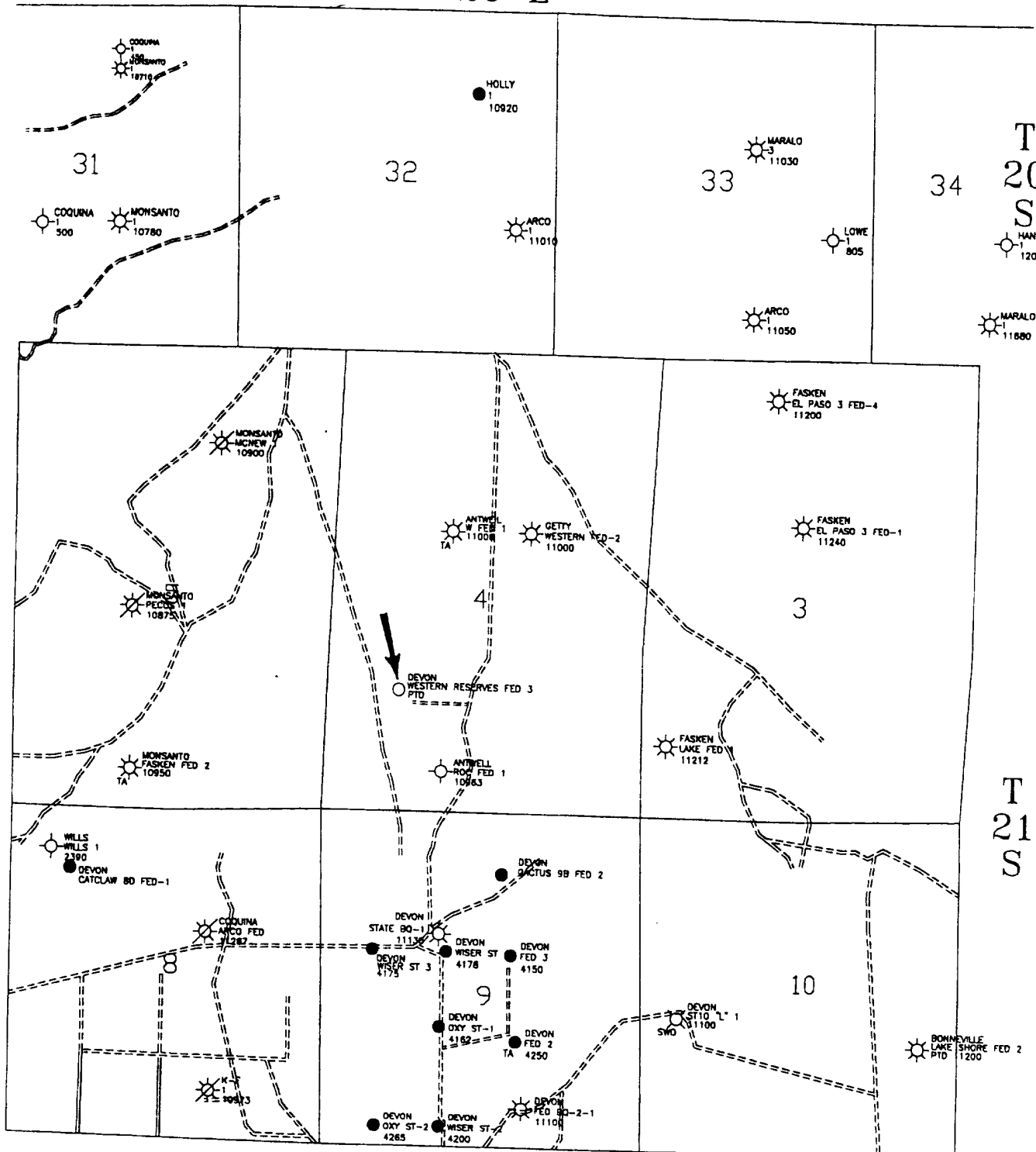
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

Date of Survey
OCTOBER 1998
Signature and
Professional Seal
Professional Seal
12128
Certificate No.
ROGER M. ROBBINS
#12128

R 26 E

T
20
S
HANSON
120

T
21
S



CATCLAW DRAW AREA
EDDY COUNTY, NEW MEXICO

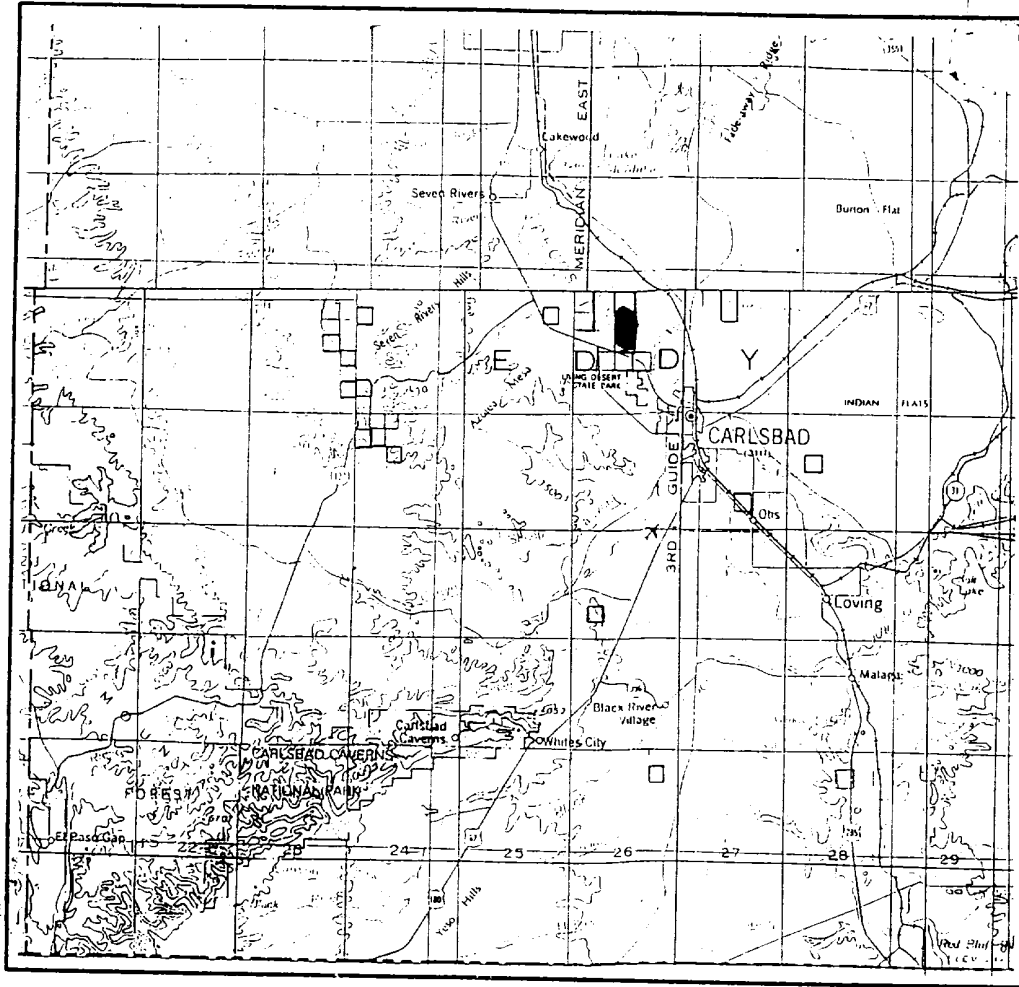
EXISTING AND PROPOSED ROADS
WESTERN RESERVES FEDERAL 3

Scale in Feet

1000 0 1000 2000 3000 4000

WESTRES	APD'S

VICINITY MAP



SECTION 4 TWP 21-S RGE 26-E
 SURVEY NEW MEXICO PRINCIPAL MERIDIAN
 COUNTY EDDY STATE NM
 DESCRIPTION 1973' FSL & 1200' FWL

OPERATOR DEVON ENERGY CORPORATION
 LEASE WESTERN RESERVES FEDERAL #3

DISTANCE & DIRECTION FROM THE JCT. OF CACTUS LEASE
LEASE ROAD & U.S. HWY. 285, 1.5 MILES SOUTHEAST OF
THE JCT. OF U.S. HWY. 285 & STATE HWY. 524, THENCE
NORTH 2.0 MILES ON CACTUS LEASE ROAD TO A POINT
±300' EAST OF THE LOCATION.



This location has been very carefully staked on the ground according to the best official survey records, maps, and other data available to us.
 Review this plat and notify us immediately of any possible discrepancy.

TOPOGRAPHIC LAND SURVEYORS

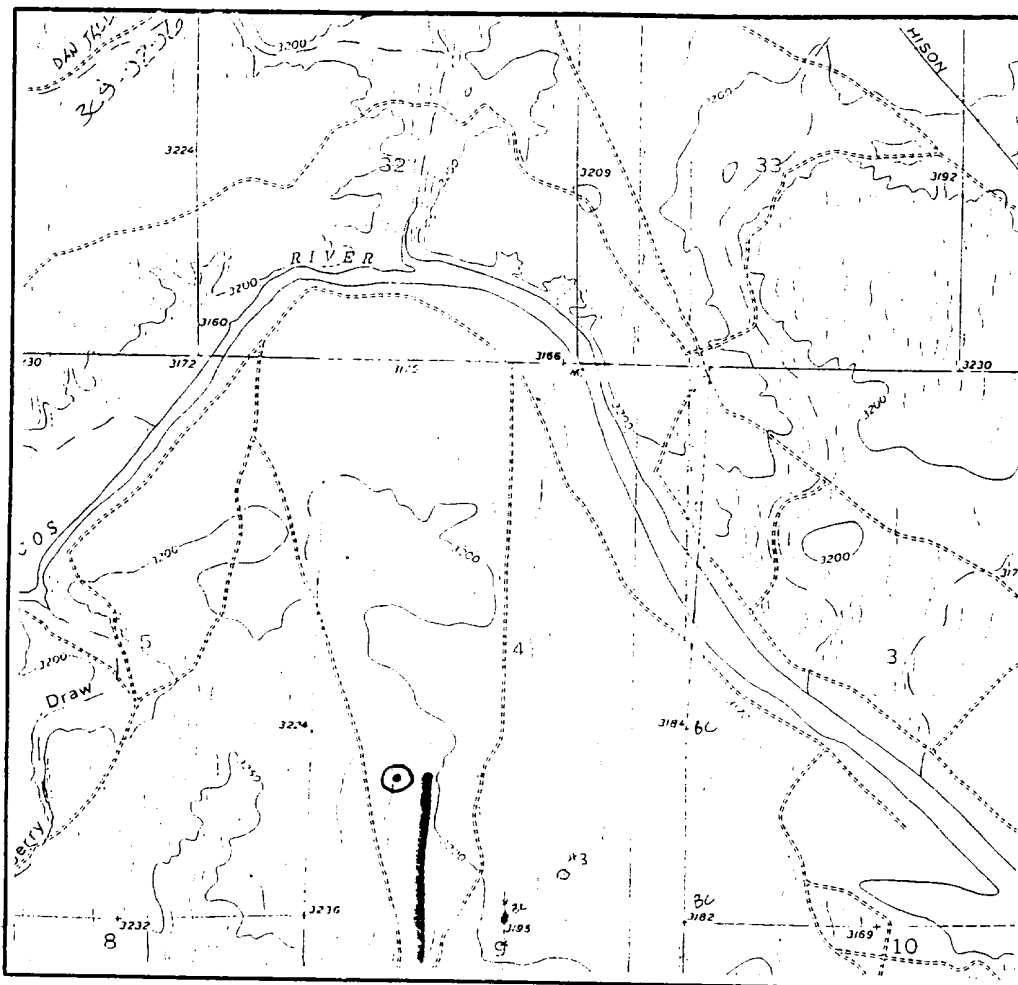
Surveying & Mapping for the Oil & Gas Industry

1307 N. HOBART
 PAMPA, TX. 79065
 (800) 658-6382

6709 N. CLASSEN BLVD.
 OKLAHOMA CITY, OK. 73116
 (800) 554-3219

2903 N. BIG SPRING
 MIDLAND, TX. 79705
 (800) 767-1667

LOCATION & ELEVATION VERIFICATION MAP



SCALE : 1" = 2000'

CONTOUR INTERVAL 10'

SECTION 4 TWP 21-S RGE 26-E

SURVEY NEW MEXICO PRINCIPAL MERIDIAN

COUNTY EDDY STATE NM

DESCRIPTION 1973' FSL & 1200' FWL

ELEVATION 3207'

OPERATOR DEVON RESOURCES CORPORATION

LEASE WESTERN RESERVES FEDERAL #3

U.S.G.S. TOPOGRAPHIC MAP

LAKE McMillan SOUTH, NEW MEXICO

SCALED LAT. N 32°30'25"

LONG. W 104°18'09"



This location has been very carefully staked on the ground according to the best official survey records, maps, and other data available to us.
Review this plot and notify us immediately of any possible discrepancy.

TOPOGRAPHIC LAND SURVEYORS

Surveying & Mapping for the Oil & Gas Industry

1307 N. HOBART
PAMPA, TX 79065

6709 N. CLASSEN BLVD.
OKLAHOMA CITY, OK 73114

2903 N. BIG SPRING

March 22, 1999

Certified Mail No. Z 068 589 225

McKay Oil Corporation
Post Office Box 2014
Roswell, New Mexico 88202

Attention: Mr. Bill Milstead

RE: Request for Non-Standard Location Approval
Western Reserves Federal #3
1973' FSL and 1200' FWL of
Section 4, T21S, R26E in
Eddy County, New Mexico

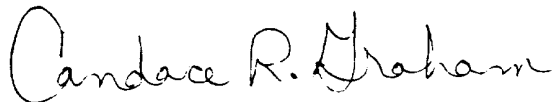
Gentlemen:

We have applied for a permit to drill the referenced well. This unorthodox location is necessary due to geological considerations. Our proposed well site offsets the Fasken Federal #2, which our records show you operate. The NMOCD Non-Standard Location Approval process requires that we notify offset operators and submit Proof of Notice.

Please accept this certified letter as notification. If you have any questions, please contact Wally Frank, the District Engineer, at (405) 235-3611, X4595.

Sincerely yours,

DEVON ENERGY CORPORATION (NEVADA)



Ms. Candace R. Graham
Engineering Tech.

/cg

Enclosures

cc: NMOCD- Santa Fe, NM / Artesia, NM
DEC – Engineer, Foreman, Landman



ENERGY CORPORATION



20 North Broadway, Suite 1500
Oklahoma City, Oklahoma 73102-8260

Telephone: 405/552-4615
FAX 405/552-8113

March 23, 1999

McKay Oil Corporation
P.O. Box 2014
Roswell, NM 88202

Attention: Bill J. Milstead

RE: Western Reserves Federal #3
South 1/3rd of Section 4-T21S-R26E
Eddy County, New Mexico

Gentlemen:

Devon Energy Corporation (Nevada) (Devon) has recently filed a permit with the Bureau of Land Management to drill the captioned well at a proposed unorthodox location of 1973' FSL and 1200' FWL, Section 4-T21S-R26E, Eddy County, New Mexico. The Western Reserves Federal #3 will be drilled to approximately 11,400 feet to test the Morrow formation. The proposed location is unorthodox and must be granted an exception to the spacing rules. Under the 104.F (2) the OCD may grant administrative approval if the designated operator of any adjoining or diagonal spacing unit, to which the well will encroach, waive objection to the proposed location.

A successful response from you will eliminate the necessity to conduct a full OCD hearing on this matter and expedite our efforts. However, if you object to the location, your expression of opposition must be filed with the OCD within twenty (20) days from the date this notice was mailed.

Devon respectfully requests that you waive objection to the drilling of the Western Reserves #3 at the proposed location and evidence your acceptance by executing and returning a copy of this letter me at the above address.

Sincerely,

DEVON ENERGY CORPORATION (NEVADA)

Carla D. Wood
Landman

AGREED AND ACCEPTED THIS _____ DAY OF _____, 1999.



Is your RETURN ADDRESS completed on the reverse side?

SENDER: Western Res Fed 3 (3-22-1999) ■ Complete items 1 and/or 2 for additional services. ■ Complete items 3, 4a, and 4b. ■ Print your name and address on the reverse of this form so that we can return this card to you. ■ Attach this form to the front of the mailpiece, or on the back if space does not permit. ■ Write "Return Receipt Requested" on the mailpiece below the article number. ■ The Return Receipt will show to whom the article was delivered and the date delivered.		NSL request I also wish to receive the following services (for an extra fee): 1. <input type="checkbox"/> Addressee's Address 2. <input type="checkbox"/> Restricted Delivery Consult postmaster for fee.	
3. Article Addressed to: New Mexico Oil Conservation Principal Office 2040 S. Pacheco Santa Fe, NM 87505		4a. Article Number Z 068 589 224	
		4b. Service Type <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Certified <input type="checkbox"/> Express Mail <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> COD	
		7. Date of Delivery	
5. Received By: (Print Name)		8. Addressee's Address (Only if requested and fee is paid)	
6. Signature: (Addressee or Agent) X			

Thank you for using Return Receipt Service.

PS Form 3811, December 1994

102595-97-B-0179

Domestic Return Receipt

Is your RETURN ADDRESS completed on the reverse side?

SENDER: Western Res Fed 3 (3-22-1999) ■ Complete items 1 and/or 2 for additional services. ■ Complete items 3, 4a, and 4b. ■ Print your name and address on the reverse of this form so that we can return this card to you. ■ Attach this form to the front of the mailpiece, or on the back if space does not permit. ■ Write "Return Receipt Requested" on the mailpiece below the article number. ■ The Return Receipt will show to whom the article was delivered and the date delivered.		NSL request I also wish to receive the following services (for an extra fee): 1. <input type="checkbox"/> Addressee's Address 2. <input type="checkbox"/> Restricted Delivery Consult postmaster for fee.	
3. Article Addressed to: MCKAY OIL CORPORATION ATTN BILL MILSTEAD POST OFFICE BOX 2014 ROSWELL NM 88202		4a. Article Number Z 068 589 225	
		4b. Service Type <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Certified <input type="checkbox"/> Express Mail <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> COD	
		7. Date of Delivery	
5. Received By: (Print Name)		8. Addressee's Address (Only if requested and fee is paid)	
6. Signature: (Addressee or Agent) X			

Thank you for using Return Receipt Service.

PS Form 3811, December 1994

102595-97-B-0179

Domestic Return Receipt